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SUBJECT: OMAN REACHES OUT TO ASIAN TRADE PARTNERS

Summary

¶1. The Ministers of National Economy and Commerce & Industry recently staged a four-nation Asian tour to strengthen Oman's economic relationships with key energy importers. During the trip to South Korea, Japan, China, and Vietnam, the ministers concluded agreements for joint ventures in the production and supply of liquefied natural gas (LNG), as well as presided over the opening of an industrial joint venture with Chinese partners. The visit represented the Omani government's keen interest in increasing its investment exposure in Asia. End summary.

Energy-Focused Excursion

¶2. On May 20, Ahmed bin Abdul Nabi Macki, Minister of National Economy and Deputy Chairman of the Financial Affairs and Energy Resources Council, and Maqbool bin Ali Sultan, Minister of Commerce and Industry, embarked on an eleven-day Asian trip to reaffirm the Sultanate's relationships with key energy importers. In South Korea, Macki signed an agreement with Korean export-import bank Kogas to establish storage facilities for LNG in the Sultanate. In Japan, Macki, on behalf of the government-owned Oman Shipping Company (OSC), penned an agreement with the Japanese shipping firm Mitsui OSK Lines to establish joint ownership of a new 110,000 ton capacity LNG tanker. This agreement builds upon the existing joint partnership between the two companies, as they already own six LNG carriers, in addition to five more on order.

Exploring Opportunities in China and Vietnam

¶3. Both Macki and Maqbool traveled onward to China to advance further joint investment projects. The two attended the inauguration of an aromatics complex of the Qingdao Lidong Chemicals Company, in which Oman Oil Company holds a 30 percent stake. In a statement to the Oman News Agency, Macki reiterated the Sultanate's willingness to embrace foreign investment and to diversify sources of national income by investing in projects of this nature. The chemical complex, according to Macki, represented a sound investment for Oman, as the plant will provide the building blocks for the production of plastics, textiles, and paints. In addition, the ministers signed a partnership agreement to establish a \$40 million joint Omani-Chinese venture between OSC and the China Gas Company. The venture's focus will be to import crude oil and LNG from the Middle East, as will also dabble in the areas of oil exploration, project

development, and transportation of energy.

¶4. In Vietnam, the final stop of the trip, Maqbool penned a memorandum of understanding between Vietnam Oil and Gas Company and Oman Oil Company to augment bilateral cooperation in energy production and refining operations. The visit, Macki's first to the country, aimed to explore investment and cooperative opportunities in the region, and is a follow-up to the signing of a commercial exchange agreed upon in 2004.

Comment

¶5. The lengthy trip by Oman's two primary ministers on economic matters signifies the importance the Sultanate has placed on enhancing its foreign investment portfolio in a region that imports most of its energy products. The Ambassador's June 2 meeting with Maqbool reinforced this point as the Commerce Minister highlighted Oman's need to seek out promising opportunities with its Asian trading partners, including rising ones such as Vietnam.

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